Prices of fertilizer abroad

†1067. SHRI RAM JETHMALANI: Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

(a) whether it is a fact that the prices of Urea and other chemical fertilizers in the international market during 2000-2001 and 2001-2002 have been lower than the prices of Urea and other chemical fertilizers producted in India;

(b) if so, the facts in this regard; and

(c) the prices of Urea and other chemical fertilizers in the international market during the said years and the expenditure incurred for brining them in India?

THE MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS (SHRI TAPAN SIKDAR): (a) to (c) Out of the major chemical fertilizers used for agricultural production, Urea and Di-Ammonium Phosphate (DAP) are manufactured in the country while Muriate of Potash (MOP) is entirely imported as there are no commercially exploitable reserves of this fertilizer in the country. While the prices of these fertilizers in the international market fluctuate from time to time and are determined by many factors inter-alia source of imports, demand and supply position, in case of domestic fertilizers, the Maximum Retail Prices (MRPs) are fixed and periodically revised by the Government. A comparative position of the MRP of Urea, DAP and MOP in the country *vis-a-vis* their delivered price from the international market during 2000-01 and 2001-02 is as under:

Product	Maximum Retail Price (Domestic Price)(Rs./PMT)			*Average delivered price of Imported Fertilzers (Rs./PMT)	
	2000-2001	2001-2002		2000-2001	2001-2002
		1.4.2001 to 27.2.2002	28.2.2002 to 31.3.2002		
UREA	4600	4600	4830	7382	6426**
DAP	8900	8900	9350	9853	9986
MOP	4255	4255	4455	6722	7213

*Source: FMB

**Average price of Urea imported on government account during 2001-02.

†Original notice of the question was received in Hindi.

There was no import Urea on Government account during 2000-2001. The expenditure incurred on import of Urea of 2.20 lakh MT during 2001-02 was Rs. 5380 per MT. All other major fertilizers are decontrolled and their imports are being freely made on private trade account as such Government does not maintain details regarding expenditure incurred on import of these fertilzers.

Cutting down production cost in fertilizer units

1068. SHRI PREM CHAND GUPTA: Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

(a) whether it is a fact that the so-called subsidy is being given to support the fertilizer units, where the cost of production is higher despite the fact that the higher cost of production is a result of their inefficiency, obsolete plant technology etc.;

(b) whether Government are taking any steps to cut down the cost of production of such units; and

(c) if so, the action Government propose to take in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS (SHRI TAPAN SIKDAR): (a) Urea, being the only fertilzer under statuory price, distribution and movement control, is covered under Retention Price Scheme (RPS) and is eligible for subsidy. Under RPS, the retention prices (cost of production plus 12% post tax return) are fixed unitwise having regard to a combination of various norms and actuals of various cost elements. Operational cost of production of urea units differs not only from unit to unit but also from month to month depending upon, *inter alia*, the health and vintage of the plant, the feedstock used, the levels of capacity utilization, specific consumption and inputs cost. Average retention price of urea produced by urea industry is normally higher than the maximum retail price of urea fixed by the Government under Essential Commodities Act. Hence, subsidy is given on fertilizer produced to meet the excess cost over the maximum retail price fixed by the Government.

(b) and (c) The norms/parameters including consumption norms and plant capacity have been updated recently for the 7th and 8th Pricing Periods. The 7th Pricing Period will cover the period from 1.7.1997 to